# FISCAL YEAR 2012 LIHEAP TRAINING CONFERENCE

Monday, September 19<sup>th</sup> and Tuesday, September 20<sup>th</sup>, 2011 Sturbridge Host Hotel and Conference Center Sturbridge, Massachusetts

Massachusetts Department of Housing & Community Development Division of Community Services Community Services Unit

## **AGENDA**

### Day 1: Monday, September 19, 2011

- Welcome and Opening Remarks
- LIHEAP Funding, Benefits, and Trends
- Guidance Changes and Overview
- Utility and Client Rights
- LUNCH BREAK
- Arrearage Management Programs and Best Practices
- Customer Service
- Fuel Directors' Round Table

## **AGENDA**

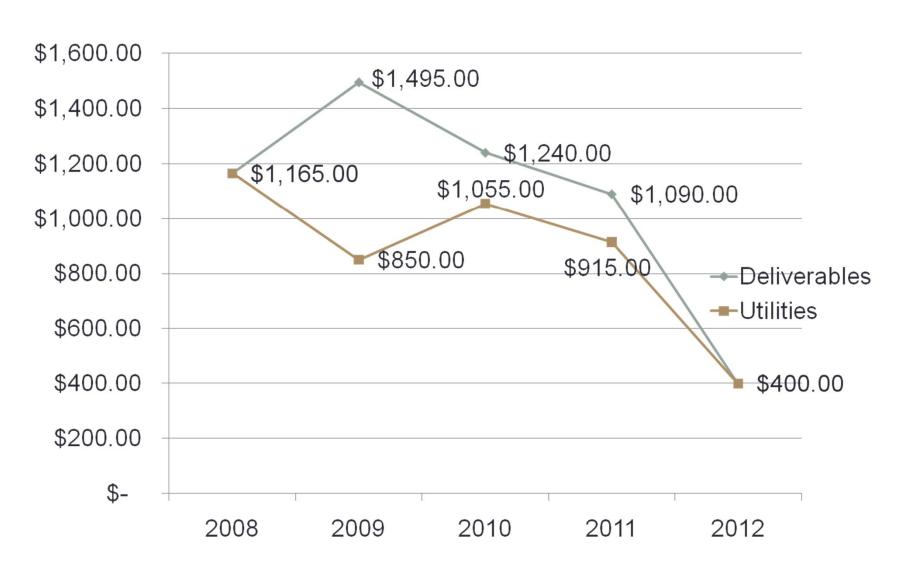
### Day 1: Monday, September 19, 2011

- Fraud, Waste, and Abuse Prevention Training
- LIHEAP Program Integrity Workshop
- Benefit Enrollment & Software Updates
- LUNCH BREAK
- Security and Information Technology
- Local Administering Agency Best Practice Examples
- Conference Evaluation and Closing Remarks

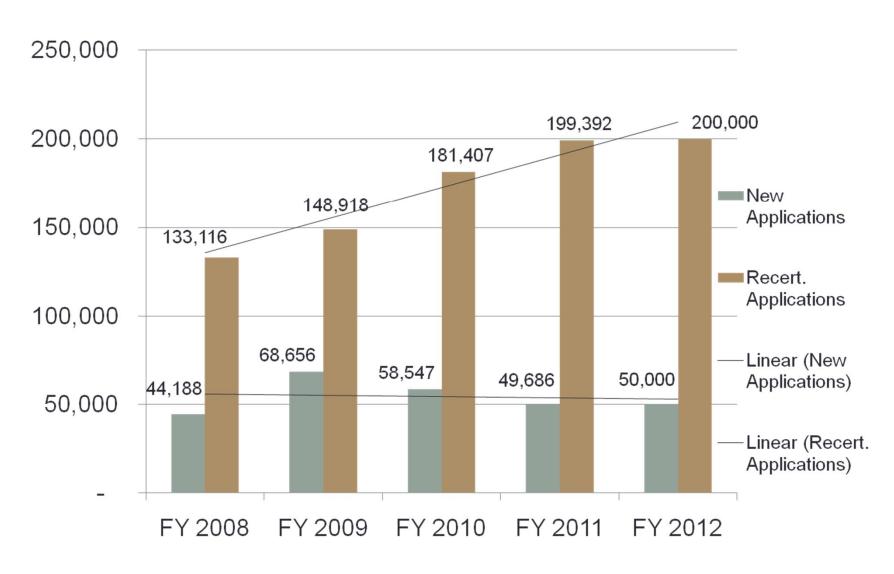
## LIHEAP Funding

Fiscal Year	Federal Funding	State Funding	Total
2008	\$126,441,624	\$15,000,000	\$141,441,624
2009	\$213,414,372	\$10,000,000	\$224,196,440
2010	\$197,557,683	\$0	\$197,557,683
2011	\$182,246,823	\$0	\$182,246,823
2012	\$81,749,000	\$0	\$81,749,000 (est.)

## LIHEAP Final Maximum Benefits



## Application Trends (FY 2008 – 2012)



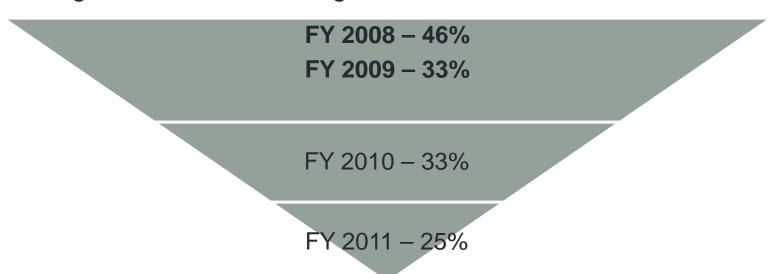
## Average LIHEAP Heating Costs (2010 – 2011)

Heating Type	Average Heating Costs	Average Benefit Paid	Energy Burden* (Before LIHEAP)	Energy Burden* (After LIHEAP)
Heating Oil	\$1,514	\$837	7%	3%
Natural Gas	\$1,251	\$676	6%	3%
Electricity	\$1,332	\$684	7%	3%
Propane	\$2,533	\$707	10%	7%
Kerosene	\$1,447	\$792	6%	3%

<sup>\*</sup> The ratio of energy expenditures to household income. Mean group burden

## **Trends**

- Most of the denied applicants are from the incomplete pool there are 22,000 incomplete denied applications.
- Most of the recertified applicants will most likely reapply.
- New applications will most likely remain unchanged from the previous year.
- Emergencies are decreasing:



## **Trends**

- LIHEAP helps reduce energy burden to an affordable level.
- However propane customers are disproportionately affected due to high prices.
- Heating oil prices will most likely increase to \$3.75 \$4.00 a gallon.
- Heating oil prices are projected to exceed the FY 2008 levels by 15%.

## Development of the Guidance

- FY11 Conference
- Annual Assessments
- Agency Feedback
- Clients Calls & Cases
- Appeals
- Advisory Group
- Federal, State meetings, mandates, etc.
- State Public Hearing
- Guidance Review Team
- Meetings, discussions, drafts & more meetings



## FY 2012 Noteworthy Guidance Changes

- Additional Real Estate Definition
- Subsidized Renters Definition
- Self-Employment Timeframe
- Dividends
- Annuities & IRAs
- Certification- 45 working days
- HECS
- Fraud, Waste, Abuse Prevention
- Appeal Rights Notice/Form Clarification



## Guidance Changes Continued

- Revised: Local Level Appeal Form
- New: Fraud and Investigation Reporting Form
- New: Housing Questionnaire
- Revised: Tenant Landlord Form
- Revised: Low Income / No Income Interview Form
- New: Recoupment Notice Template
- New: Eligibility & Recoupment Notice



## Guidance Changes and Overview

### **Application Review**

The Application Serves *Many* Purposes...

- Establishes identity, determines household composition, documents energy needs, and establishes income eligibility.
- 2. Sets eligibility for other benefits.
- 3. Provides the data for federal and state reporting.
- 4. Aggregated data is used for funding justifications for LIHEAP, TANF, and SNAP...
- 5. Allows verification and prevents fraud.
- Provides Informed Consent and Client Authorization.

## What's New this year?

- The signature line is on the back of the application.
- \*\*\* Do not sign here. You must sign the back of this Application \*\*\*
- There is a new occupancy question, "do you now or will you live at the current address during the heating season Nov. – April?"
- Clients are no longer asked about WAP.
- Four new questions have been added:
- 1. "Did you receive a shutoff notice or did your oil company refuse to deliver oil in the past year? Yes/No"
- 2. "Were your services shut off or did you run out of oil in the past year? Yes/No"
- 3. "Was your heat restored because of Fuel Assistance? Yes/No"
- "If available, would you like to hear about additional services? Yes/No"

## Client Authorization

- Provides Informed Consent.
- •Allows eligible households to receive WAP, HEARTWAP, and utility discounts without filing a separate application.
- •Allows third party verifications such as with SSA, DOR, IRS, DTA, etc.
- •Discourages fraud and authorizes an agency to follow-up on discrepancies and potential fraud.

## **APPEALS**

- Purpose
- Process at Local Level
- Process at State Level
- Timelines
- Deadlines
  - Fourth Friday of June (Local) and August (State)

## **APPEALS- 2011 Statistics**

- DHCD received 231 requests for appeal.
- 49 were sent back to LAAs/received after deadline.
- Upheld (148)
  - Self-employment (47) and Over-Income (28)
- Reversed (14)
  - Over-Income (4) and Self-employment (2)
- About 20 appeals still to be processed.



## APPEALS - The Do's

#### LOCAL

- Abide by program deadlines.
- Accept verbal requests for appeals (face-to-face must be in writing). Make note in Comment Sheet.
- Provide clear letters to clients regarding missing documentation.
- Record or summarize for file face-to-face appeal meetings.
- Allow a client to appeal. Never discourage.

#### STATE

- Provide ENTIRE file including calculations, Comment Sheet, relevant documents from previous years' files, copies of ALL letter sent by LAA, etc.
- Submit the requested file in a timely manner.
- Provide a narrative if it is a complex case or feel need to explain the handling of the case.



## APPEALS – The Don'ts

- Don't process an incomplete denied application as an appeal if receive new documentation prior to April 30<sup>th</sup>.
- Don't send files or clients to DHCD if the client has NOT appealed to the local agency first.
- Don't advise incomplete clients to appeal to the State during the program year (i.e. before April 30<sup>th</sup>).
- Don't inform a client to call the state for an appeal if it is past the local deadline and an appeal has not been processed locally.
- Don't assume that the reasons or the action related to the local handling of an appeal will be obvious to the State.

### **Fixed Income**

The Fixed Income Policy is the same as last year although we advised agencies during FY 2011 LIHEAP Conference that the policy would change. The policy is:

- Bank Statements <u>are not allowed</u> for New Clients' <u>fixed</u>
   income sources
- •As with any other type of income source, the **gross** income from fixed income sources must be counted.

## Fixed Income Sources

### These include but are not limited to:

- Social Security (SS) benefits
- Supplemental Security Income (SSI)
- Social Security Disability Insurance (SSDI)
- Emergency Aid to Elderly, Disabled and Children (EAEDC).
- Temporary Assistance for Needy Families (TANF)
- Veterans Benefits; and
- Retirement/Pension.

### Fixed income documents shall include

- Client's name and/or Social Security Number matched to client; and
- Gross benefit dollar amount

## Preferred forms of fixed income documents for New and Recertified clients are:

 A copy of a benefit check (SSA, SSI, SSDI, EAEDC, TANF only);

- A copy of a benefit check stub (retirement/pension, veteran's benefits);
- An official statement of benefits or computer print-out may also be utilized to document earned income by the assistance unit;
- A letter from income sources;
- IRS Form 1099;
- Subgrantee prepared form completed by income source

- Non-preferred but allowed forms of fixed income documents for recert only clients are
- Bank Statements showing direct deposit of SSA, SSI, EAEDC, TANF (other deposits or income from other sources on bank statements must be explained/documented)

## Fixed Income

### **Temporary Assistance to Needy Families (TANF)**

- Welfare verification, mailed at the end of the Summer, may be accepted until December 31<sup>st</sup>.
- TANF verification received <u>within 90 days</u> of application date is acceptable for LIHEAP purposes

### **Use of Documentation from Previous Years**

- Certain types of income documentation may be utilized from year-to-year due to their fixed nature.
- For FY12, Subgrantees are requested to contact those clients whose documentation is 3, 4 or 5 years old (i.e., from calendar years 2009, 2008 and 2007). The Subgrantee may contact the client and request a copy of 1099 form from the prior year or the benefit award letter the client received in January. Subgrantees also have the option to contact a client via telephone to verify that the client is still receiving the benefit and its amount. In FY 12, no further contact is necessary for those fixed income documentation that are dated within the last 2 years (2010 and 2011).
- There were no COLAS for SSA/SSI in 2010 and 2011. When dealing with SSA/SSI net amounts, the Medicare amounts must\* also be added.

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- The Subgrantee may contact the client and request a copy of 1099 from the prior year or the benefit award letter the client received in January.
- In FY12, no further contact is necessary for those fixed income documentation that are dated within the last two years (2010 and 2011)
- There were no COLAs for SSA/SSI in 2010 and 2011.
   When dealing with SSA/SSI <u>net amounts</u>, the Medicare amounts <u>must</u>\* also be added

## Fixed Income Con't

### Please note the following about Medicare:

- •Clients over the age of 65 who collect Social Security but receive their healthcare through another source (e.g., their employer, union, etc.) may not pay a Medicare premium amount.
- •If applicable, Medicare and Prescription Benefit Part D must be added back to net benefit amount.

### Zero Income

- An individual member of a household or an entire household has no income.
- Number of Zero-income households in FY' 2011 = 1,144 or < 1%.</li>
- Specific documents and/or forms are required for every household that reports no income.
- **NEW** Agencies are no longer required to send clients to SSA, DTA, and DUA for non-receipt of benefits.

### 1. No Income Statement

- •To be completed and signed by <u>every member</u> of the household over 18 claiming no income status.
  - Must indicate the 30 day date range on the form

### 2. Low Income/No Income Interview Form

- To be completed by the head of household only.
  - All sections of the form must be completed by the applicant.
  - All supporting documentation must be collected (Items #3 and #4).
  - If the applicant has received financial support for > 30 days, a Financial Assistance form must be completed.

### 3. Financial Assistance Statement

- Indicates how the household is meeting basic expenses through assistance from outside sources.
  - All sections of the form must be completed by the person giving the assistance.
  - The form is the <u>only acceptable document</u> (i.e., no letters from individual donors should be accepted). Letters from organizations are acceptable.
  - The form <u>must be notarized</u>.

### 3. Financial Assistance Statement (con't)

- Proof of actual assistance (e.g., check or money order, deposit in checking account) may be requested if the source of income for the donor or the amount given is questionable.
- If a client claims "no income" status and/or has received family/friend support for more than one program year, the client shall be required to complete the current year application and the "Low-Income/No Income Interview Form" in the presence of an intake worker.

## Zero Income Applicants

## **Wage Match**

- Shall be submitted electronically by the Subgrantee to DHCD for all members of the household over 18 years old in instances when an entire household claims zero income.
  - <u>Does not</u> need to be completed for adult full or part time college students.
  - Results cannot be filed with the applicant information but must be notated in the <u>Comment Sheet</u>.

## Wage Match

- Agencies are encouraged to conduct wage match inquiries in other situations as well.
- Agencies must submit wage matches to DHCD twice a year – by January 31<sup>st</sup> and April 30<sup>th</sup>. DHCD will accept wage matches until June 22, 2012 (local Appeal deadline).
- Clarification Wage matches cannot be conducted on any client who has not given the authorization.

## Zero Income Applicants

## **Housing Costs**

- •All households claiming zero income shall submit proper documentation to substantiate housing costs.
  - <u>Housing costs</u>: rent for tenants; for homeowners may include: mortgage (principal and interest), real estate taxes, homeowner's insurance, and condo fee.
  - Housing costs paid by someone outside the household are considered income.

## Zero Income Applicants

### **Housing Costs**

- •All households claiming zero income shall submit proper documentation to substantiate housing costs.
  - Applications for these households shall <u>remain</u> <u>incomplete</u> and shall <u>not be processed</u> until such documentation is provided.
  - Agencies are encouraged to obtain documentation of housing costs for other clients as well.

## LIHEAP Monitoring – Why?

- Required annually by the DHCD State Plan
- Assess quality of services provided
- To ensure compliance with the LIHEAP Guidance
- To promote program integrity
- To identify potential issues and develop corrective action
- To identify/share operational/file processing best practices

## LIHEAP Monitoring – How?

- DHCD conducts both On-Site and Remote assessments
- As a general rule, if an agency has an On-Site assessment during a given program year, for the next program year the agency will be monitored remotely
- There are exceptions to this rule, and DHCD reserves the right to modify this protocol based on a variety of circumstances

## LIHEAP Monitoring – Pre-Assessment

- The following items are sent to DHCD in advance:
- Pre-assessment Interview tool
  - To be completed by Fuel Assistance Director covers personnel, training, planning/budgeting, outreach, application processing, appeal, payments, emergencies, etc.
    - Helps to expedite the on-site interview process
    - Should be completed/sent in Microsoft Word format
- MOR price list
- Direct Pay/Heat-Included in Rent list

## LIHEAP Monitoring – Components

#### File Review

- DHCD will review a % of applications from all categories:
  - Denied: incomplete, over-income, and subsidized housing
  - Appeals
  - Zero-Income Applications
  - Direct Pay Applications
  - Employee Applications
  - Self-Employed
  - Certified applications in general & targeted file review if applicable

## LIHEAP Monitoring – Components

- Pre-assessment follow-up interview
  - For clarification of items from the written tool

Oil vendor payments review

- Review of Agency Policy/Procedures
  - Several new items of emphasis

## LIHEAP Monitoring – Policy/Procedures

• New for FY '12 – to be reviewed day of assessment

#### Related Party Transactions

 Agencies are required to have a written policy concerning file processing for employees, family members, friends, etc.

#### Whistleblower Policy

As a State contracted agency this policy should be in place

## LIHEAP Monitoring – Policy/Procedures

New for FY '12 – to be reviewed day of assessment

- Executive Order 504
  - To monitor compliance with client confidentiality directives
- Vendor Setup
  - As indicated in the State Plan, 2 areas of focus:
  - 1. Review a sample of vendor contracts
  - 2. Review how contracts are setup in the LIHEAP system

## LIHEAP Monitoring – Results

- DHCD LIHEAP monitoring of the FY '11 program showed a significantly lower number of non-compliance findings than in previous program years.
- The monitoring >> continuous feedback >> quality improvement cycle is working.
- DHCD recognizes the critical roll all agency LIHEAP
   Directors and Staff play in this process, and would like to
   thank all for their hard work, dedication, and
   perseverance.

### **HOUSING COSTS**

- Are costs associated with living in a dwelling.
- Please note, they do not include utility payments.
- Housing costs are different for tenants and homeowners

## Comparison of housing costs

#### **RENTS**

Monthly rent

#### **OWNS**

- No Mortgage
- Real estate taxes
- Home insurance
- (Condo fee)
- Mortgaged property
- Principal & interest
- Real estate taxes
- Home insurance
- Condo fee

## **Housing Costs**

- Agencies are encouraged to document housing costs.
- Lack of housing cost information can lead to miscalculation of benefit of direct pay clients.

#### For example:

- Condo Owners
- Condo Renters
- Heat Included Clients

# What if a condo dwelling is owned by the applicant?

#### This is a direct pay case

- LIHEAP benefit monthly payment will be the portion of the condo fee that covers heating costs.
- Clients have to bring a letter from the condo association detailing the heating costs.
- Or as rule of thumb agencies may assume that 40% of the condo fee covers heating costs.

# Housing costs for a manufactured home (mobile home) = monthly park rent

## Subsidized Housing

- Expanded definition of Subsidized Housing
- Moving away from "transitory"
- Subsidized benefit
- Housing Questionnaire
- Tenant/Landlord Form



### Client Communication

- Funding / Benefit Amounts
  - Preparation is key.
  - Verbally
    - New Clients
      - In person
      - Letters
  - Recert Clients
    - In person
    - On the telephone
    - Letters
  - Written Communication
    - Canned responses vs. specially crafted letters
    - Sending a form vs. "contact us for form"

## LIHEAP Benefit Reminders/Changes

Homeowners & nonsubsidized housing tenants.

Subsidized housing tenants.

High Energy Cost Supplement (HECS) 100%

75%

\$100

Need to know owner or renter. If renter> subsidized vs. non-subsidized.

Need to know the housing costs.

May need to complete the Housing Questionnaire to determine subsidy status.

Need to know the heating cost amount.

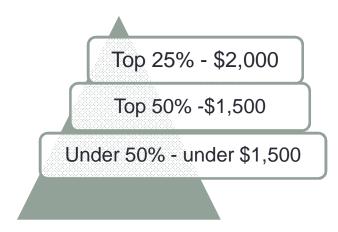
Apply DHCD issued HECS thresholds for each fuel type.

#### **High Energy Cost Supplement (HECS)**

#### **Clarification and Changes**

- The purpose of HECS is to meet a federal mandate of providing the maximum possible benefit to household with the highest energy burden.
- This was introduced in MA as a result of a study that called for measures to offset high energy costs.
- A recent DHCD-commissioned program review recommended the following changes to HECS (aka high energy benefit):
- (1) Use current year's heating costs data rather than the previous year's data to determine the thresholds, but it was not practical for many reasons...
- (2) Take a quartile approach to set HECS thresholds. Which means client with the highest rather than above average energy costs will be eligible.
- (3) DHCD will issue the thresholds in October that will be included in the LIHEAP software.

Examples of changes in heating oil threshold



## FY 2012 LIHEAP Conference Tuesday, September 20, 2011

## LIHEAP Program Integrity

## What's driving the national and local discussions around LIHEAP program integrity?

- A Government Accounting Office review of LIHEAP found issues re: client eligibility, identity, income, residency, and vendor payments.
- Individual states issued responded to GAO report.
- A Program Integrity Work Group has been formed by HHS. The Group has been assigned to develop recommendations to enhance LIHEAP Program Integrity.
- HHS requires states to expand their State Plans by including a section on Program Integrity.

## LIHEAP Program Integrity

State and Local Audit Findings	The State Plan include a plan to address audit findings (if any).
A monitoring plan to comply with State and Federal LIHEAP policies.	Vendor set up process, employee application certifications, targeted file reviews, Conflict of Interest & Whistleblower provisions, and post program reviews.
Fraud Reporting Mechanisms.	Fraud reporting hotlines and LIHEAP fraud reporting process.
Verification of Applicant Identities.	Limited requirements of picture IDs.  Data exchange with SSA.  Documentation of LIHEAP address.
Require Social Security Numbers.	Collection of Social Security Numbers.
Cross-Checking Social Security Numbers.	Data exchange with SSA and mandating software standards.

## LIHEAP Program Integrity

Verifying Applicant Income	Documentation of income; Wage Match provisions; Fixed Income verification with SSA and DTA.
Privacy-Protection and Confidentiality	Revised Standard Application, Informed Consent, and Client Authorization. Software and data security standards. Annual training & onsite reviews.
LIHEAP Benefits Policy	"Stop Pay" feature Inaccurate or improper payment notifications. Vendor Pay program. Online budgets & cash requests via E.Gov
Procedures for Unregulated Vendors	EIN, Legal Name, and Permits. Unduplicated Vendor List.
Verifying the Authenticity of Energy Vendors	Unduplicated Vendor List. Verification of vendor set up process.
Training and Technical Assistance	What We are Doing Today!

#### Questions in the LIHEAP world

- Why should your agency and you care?
- What important role you play?
- What is already in place at your agency?



- What may be considered fraud?
- What may be NOT considered fraud?



#### LIHEAP Fraud & Investigation Reporting Form

- Why was it created?
- What is the purpose?
- What are the form items?
- When is it to be used?
- Who should complete it?
- Who receives it?



### Related Party Transactions

- Processing under the Influence
  - What?
  - Who it includes?
  - Where?
  - How to proceed?



#### Vendors Agreements & Authenticity

- Establish vendor identity & prove vendor legitimacy as a business
- Develop an unduplicated LIHEAP statewide vendor list
- Verify against the Secretary of State's Corporate Database
- Signed vendor agreements and information sheets
- Legal Name, Employer Identification Number, & copy of their Business Certificate, License, or Certificate of Good Standing & if applicable, a "Doing Business As (DBA)" name.

What do you think.....

- For each of the following example scenarios:
- What concerns you about the situation you are given?
  What are the potential risks indicated?
- 2. What might you do to gain further information? What would you gather?
- 3. Whom else you could seek help from?
- 4. Are there any actions or controls would reduce such risk next time?

What do you think as a certifier.....

Corrine the Client: Corrine is a recert client and submitted her fuel assistance application in August 2011. She submitted 4 July paystubs from Macy's. The gross weekly wages on each of the copied paystubs appears to be altered.



What do you think as a payment clerk.....

Vlad the Vendor: Vlad's Home Heating Company has been involved with the LIHEAP program for 10 years. When reviewing Vlad's submitted oil tickets you find that a LIHEAP client has received two oil delivery for 275 gallons 4 days apart.



What do you think as the appeals officer.....

April the Appellant: After reviewing April's file, you realize April's name is familiar to you. You see that your co-worker Joyce originally processed April's file. This client is the daughter of your co-worker Joyce.



What do you think as the intake worker.....

Nella the Newbie: In trying to establish the household during the intake process, Nella asks you which would be better for her if her mother-in-law was included or not included on the application.



What do you think as the receptionist.....

Larry the Landlord: A heat-included in rent client called and stated that his landlord Larry would not complete the *Tenant/Landlord Form* without the promise of receiving a part of the fuel assistance benefit.



# Massachusetts Department of Housing & Community Development Division of Community Services Community Services Unit

#### **DHCD** Presenters:

Gerald Bell, Manager, Community Services Unit
Akm Rahman, Sr. Information & Program Coordinator
Kathy Krasco, Program Coordinator
Glenn Bouchard, Program Representative
Tonia Barlow, Program Representative
Carlos Luna, Program Representative
Prudence Lange, Information Center Coordinator